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SENSITIVE  
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DEPARTMENT FOR EEB/TPP/IPE JOELLEN URBAN

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TAGS: [ECON](#) [EINT](#) [KIPR](#) [HR](#)

SUBJECT: CROATIAN POLICE FIGHTING IPR PIRACY BUT OUTMATCHED  
BY THE PIRATES

1. (SBU) SUMMARY: The Croatian police actively pursue intellectual property pirates and have achieved some successes at raids and seizures, especially of smaller operations. However, police officials cite technological challenges and the global nature of the problem as major obstacles to further success. In particular, they are technologically outmatched by Amstel, Croatia's largest movie pirate, according to industry estimates. The lack of deterrent from Croatia's light punishment for convicted pirates and the limited resources available to the relevant section of the police department also hinder the fight against piracy.

2. (SBU) On July 16, econ officer and econ assistant met with Ivan Mijatovic, head of the Financial Crime Department, General Police Directorate, Croatian Ministry of Interior, and Mirjana Vukovic, an inspector with the department, to discuss their actions against intellectual property piracy. Mijatovic and Vukovic told us the department is actively pursuing piracy operations and has had several successes at raids and seizures. They said, however, that the department is technologically outmatched by the best pirates. They also repeatedly stressed that intellectual property piracy is a global problem, well beyond the department's power to solve. Mijatovic, however, noted one problem specific to the Croatian justice system: while the earnings from some piracy operations are great, the punishment for convicted offenders is so small as to be little more than symbolic. He said fines are negligible amounts and imprisonment is very rare, and then of short duration, thus offering little deterrent for new or repeating offenders.

3. (SBU) We asked particularly about the work of Amstel, which, according to Croatian Association for the Protection of Audiovisual Works estimates, is the largest movie pirate in Croatia sourcing from the internet and largest distributor in Croatia, earning at least \$100,000 per year. Vukovic told us they know Amstel has been operating for years and is very large and well organized, though she could not give us a volume or monetary estimate of their operations. She said they believe Amstel operates out of several apartments to distribute DVDs and music CDs and has invested a lot in the operation. She said "Amstel" is their online nickname. The department continues to actively pursue Amstel. Vukovic said she knows they have gotten "very close," but they have never been able to establish solid enough proof for arrests. She said she has seen press articles joking that the department has made Amstel a monopoly, because in its pursuit of Amstel, it has discovered and closed down the other smaller operations.

4. (SBU) Describing some of the challenges the department faces in pursuing intellectual property criminals, Vukovic referred to Amstel as a perfect example of a pirate organization. She said they are well organized and agile; they frequently change their internet provider (IP) and physical addresses. Further, they use untraceable,

non-Croatian IP addresses. Vukovic and Mijatovic both said Amstel uses U.S.-based IPs and that this has hindered the department's investigations because they cannot access information from the IPs. They said the department simply cannot catch up or keep up with Amstel technologically. Vukovic said that, unfortunately, what may end up putting Amstel out of business is other advances in piracy that are making it easier and easier for average users to access pirated works for themselves directly from the internet.

15. (SBU) COMMENT: Although piracy certainly is a global and technologically challenging problem, challenges internal to the Croatian police department also limit the success at cracking down on intellectual property crimes. In previous discussions, we have learned that the section of the department working on intellectual property crimes has only 4 or 5 staff members. Further, the section also covers other cybercrimes such as child pornography, which often take higher priority. Thus, although the section staff appears dedicated and has invested serious effort and achieved some successes against intellectual property crime, they may have reached the limit of what they can accomplish without a significant increase in resources and expertise.  
Bradtke